

What Does the American Rescue Plan Act Mean for Your Company?

Presented by RISQ Consulting
April 8, 2021



RISQ Review

COVID-19 Resources

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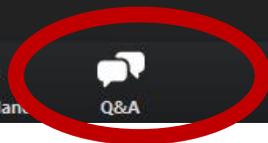


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Today's Presenter



Joshua Weinstein, DIA
Senior Employee Benefits Consultant
President of RISQ Consulting Employee
Benefits Division

What is the American Rescue Plan Act (ARPA)?



American Rescue Plan Act Origins

- Relief packages passed by the United States Congress in response to the COVID-19 pandemic:
 - CARES Act – Signed into law on March 27, 2020
 - Consolidated Appropriations Bill – Signed into law on December 27, 2020
 - American Rescue Plan Act – Signed into law on March 11, 2021
- American Rescue Plan Act was the first step of President Biden’s plan for recovery from the COVID-19 Pandemic
- ARPA intends to deliver economic stimulus and financial assistance to individuals and employers affected by COVID-19

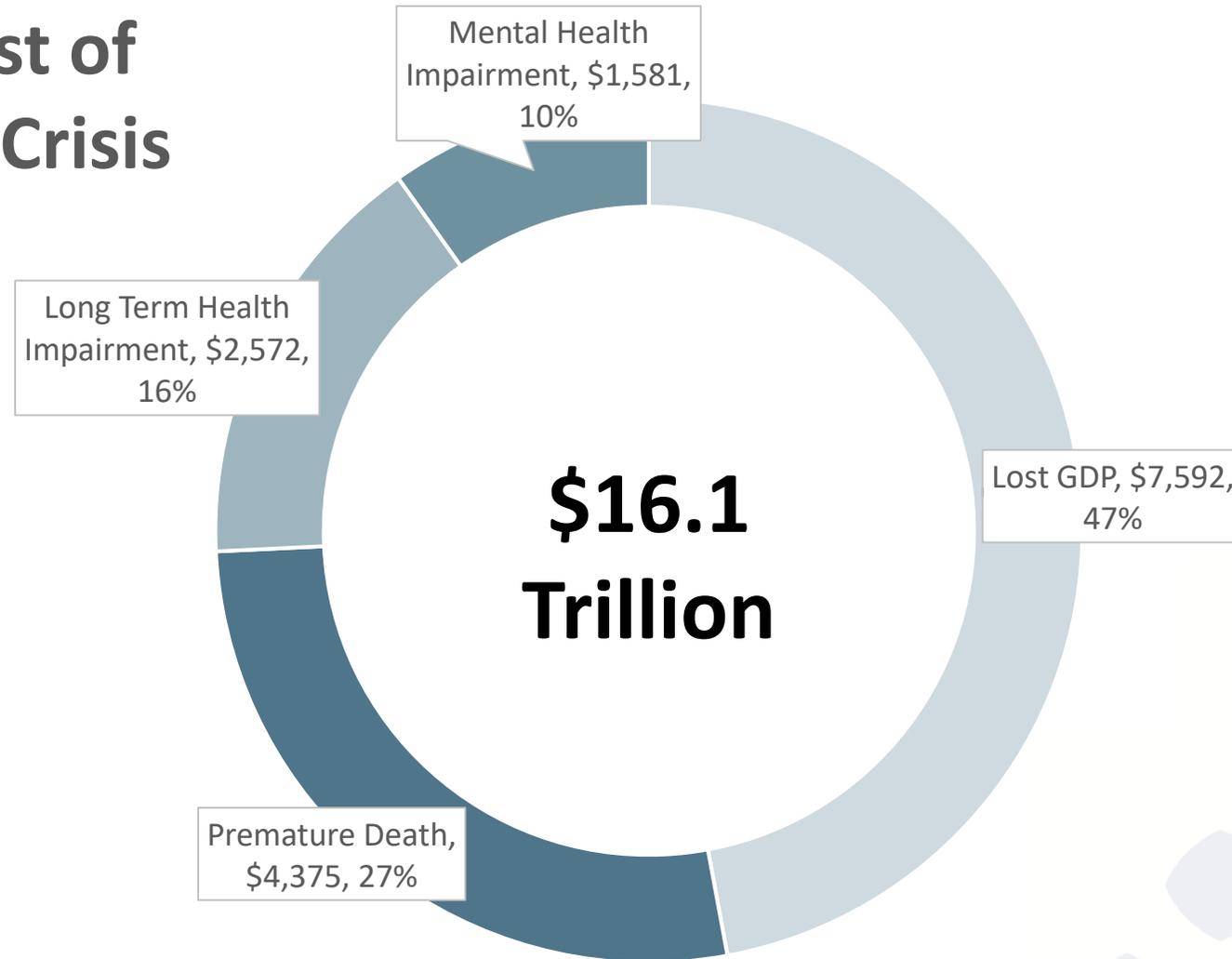


Poll Question: “In trillions of dollars, what is the estimated economic cost of the COVID-19 crisis?”

Just Guess, Don't Google!



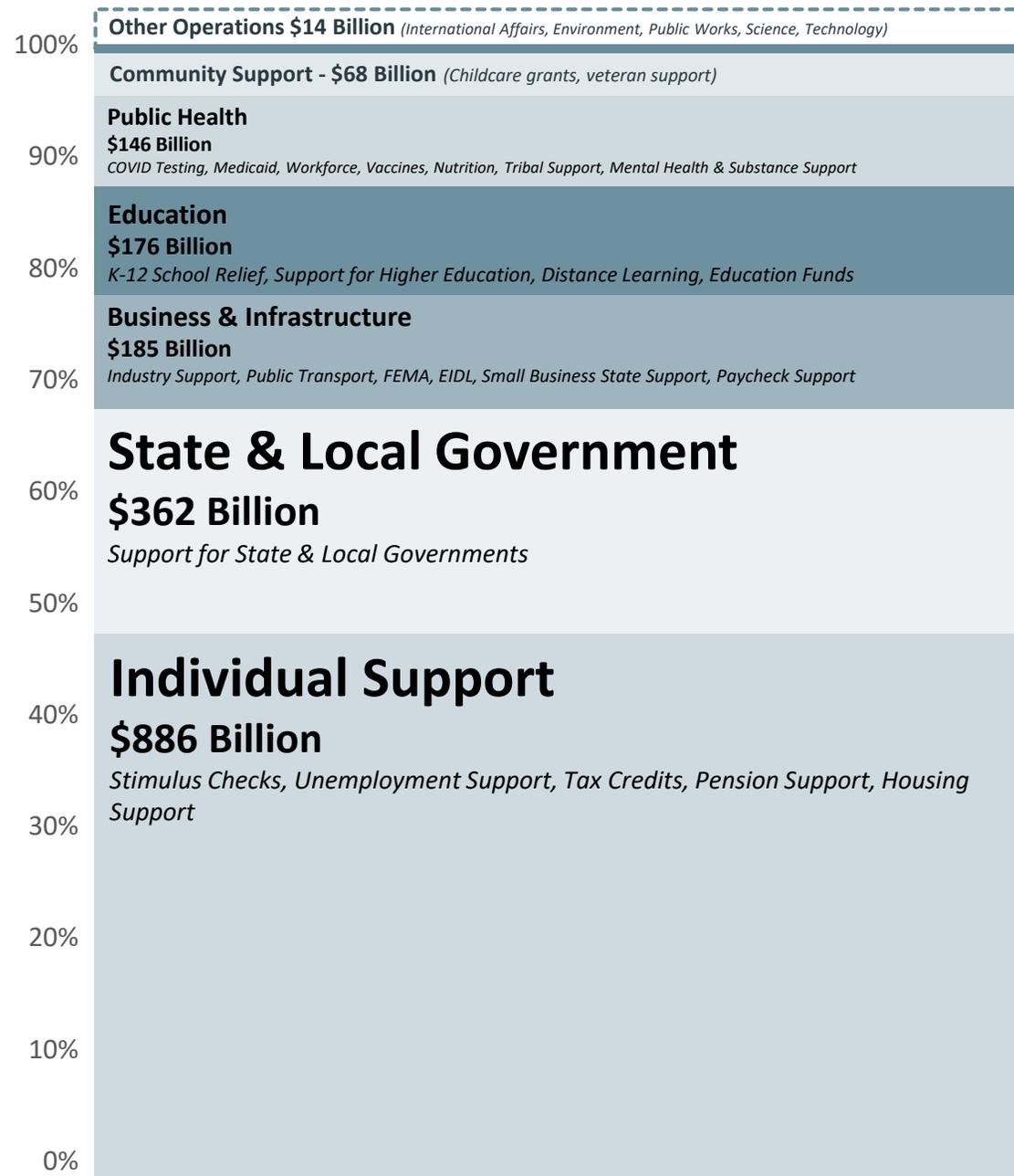
Estimated Economic Cost of the COVID-19 Crisis



Note: Numbers shown in Billions US\$

Source: <https://jamanetwork.com/journals/jama/fullarticle/2771764>

What's in the \$1.9 Trillion American Rescue Plan Act?



What's **Not** in ARPA?



- Minimum Wage Hike
- No extension to eviction moratorium, which expired March 31st
- No mandated requirement of Emergency Family Medical Leave or Emergency Paid Sick Leave



ARPA for Employers



Assistance for Small Businesses

- \$50 Billion included in ARPA for small businesses
- \$7 Billion more Paycheck Protection Program (PPP)
- Prior to additional funds becoming available, the Small Business Administration (SBA) took steps to ensure equitable access to funds:
 - Beginning on February 24, SBA established a 14 day exclusive PPP loan application period for businesses and nonprofits with less than 20 employees
 - PPP expires May 31, 2021



Poll Question: “How does your company manage COBRA Responsibilities?”



“Pre-ARPA” COBRA

- What is COBRA?
- Who is subject to COBRA
- Who pays for COBRA?



ARPA Changes to COBRA

- COBRA Subsidy - 100% of COBRA Premiums can be subsidized through refundable payroll tax credits
 - Includes 2% Administrative fee
- Subsidies in place from April 1, 2021 through September 30, 2021
- Applies to Federal COBRA and “Mini-COBRA” (State Specific)
- Subsidy applies to medical, dental, and vision (not FSA)



COBRA Subsidies – Who is Eligible?

- Impacts employees who lose employer sponsored health insurance because of an ***involuntary termination of employment or reduction of hours***
- Subsidy does **not** apply to employees:
 - Who voluntarily terminated their employment
 - Who qualify for another group health plan
 - Whose job loss was the result of gross misconduct
 - Who qualify for Medicare
 - Who become a Qualified Beneficiary due to another COBRA qualifying event, such as divorce, death of covered employee, dependent child ceasing to be a dependent, etc.



Subsidized COBRA Election Period

- Election Period: April 1, 2021 until 60 days after individuals receive notice of the availability of the COBRA subsidy
- Individuals who **would be** eligible for subsidy if they **had** elected COBRA can now elect COBRA
- Includes:
 - Individuals who didn't have COBRA in effect as of April 1, 2021 because COBRA was never elected
 - Individuals who elected COBRA but discontinued COBRA before April 1, 2021 (for another reason besides exhausting maximum coverage period)



Subsidized COBRA Coverage Period

- COBRA coverage elected during the extended election period will begin on April 1, 2021 and may not extend beyond the individual's original maximum coverage period
- For example:
 - An employee who was involuntarily terminated on September 1, 2020 and never elected COBRA could now elect COBRA from April 1, 2021 to February 28, 2022 (the end of the original maximum coverage period).
- Subsidized COBRA assistance will end if a qualified beneficiary:
 - Becomes eligible (they do not have to be enrolled) for coverage under another group health plan
 - Becomes eligible for Medicare
 - Has exhausted their maximum COBRA period within the subsidy period
- The qualified beneficiary is required to notify the group health plan if no longer eligible for subsidy

COBRA Subsidies & Employee Notification

- New Employee Model Notices released April 7, 2021:
 - General Notice (Revised) indicates/includes:
 1. The forms necessary for establishing eligibility for premium assistance
 2. The name, address and telephone number necessary to contact the plan administrator and any other person maintaining relevant information in connection with premium assistance
 3. A description of the extended election period under the ARPA
 4. A description of the obligation of qualified beneficiaries to notify the plan if they become eligible for another group health plan or Medicare, and the penalty for failure to do so
 5. A prominently displayed description of the right to a subsidized premium and any conditions on entitlement to the subsidized premium
 6. A description of the option of the right to enroll in different coverage (if the employer permits this option)
 - Notice of Expiration of Subsidy will indicate/include:
 1. The premium assistance will expire soon, prominently identifying the expiration date
 2. The individual may be eligible for coverage without premium assistance through COBRA continuation or a group health plan.

COBRA Subsidies & DOL

- More guidance about COBRA subsidies expected in the coming weeks from the Department of Labor (DOL)
- Addition to DOL Website: www.dol.gov/agencies/ebsa/laws-and-regulations/laws/cobra/premium-subsidy

The screenshot shows the top navigation bar of the EBSA website with the U.S. Department of Labor logo and a search bar. Below the navigation bar, there are several menu items: TOPICS, WORKERS, EMPLOYERS AND ADVISERS, RESEARCHERS, RESOURCES, LAWS AND REGULATIONS, ABOUT, and CONTACT. The breadcrumb trail indicates the current page is 'COBRA Premium Subsidy'. The main content area features a large banner image with three panels: a woman using a hair dryer, a woman wearing a face mask and holding a yellow bar, and a man wearing a face mask. The text 'COBRA Premium Subsidy' is overlaid on the banner, and a yellow box on the right says 'We're Open Again'. Below the banner, the heading 'For Workers and Families' is displayed. A section titled 'Expand All | Collapse All' contains a dropdown menu for 'Frequently Asked Questions' with two links: 'COBRA Premium Assistance under the American Rescue Plan Act of 2021 FAQs' and 'General COBRA FAQs for Workers'.

What do Employers need to do to comply with the new COBRA Guidelines?



- ✓ Work with your COBRA TPA (if you have one)
- ✓ TPA may need your help to identify reasons for employee separations, to identify which need to be notified about the availability of COBRA Subsidies
- ✓ General Notice
- ✓ Notice of Expiration of Subsidy Notice
- ✓ Tax Credits
- ✓ Keep an eye out for more guidance from the DOL

Families First Coronavirus Response Act (FFCRA) Leave

- Emergency Paid Sick Leave (EPSL) and Emergency Family Medical Leave Act (EFMLA)
- **April 1, 2020 – December 31, 2020:** Many employers required to offer FFCRA
- **January 1, 2021 – March 31, 2021:** Tax Credits extended; Employers can voluntarily offer FFCRA leave



ARPA & FFCRA

- ARPA extends FFCRA Tax Credits through September 30, 2021
- ARPA expands covered reasons for EPSL and EFMLA
- Reasons for Emergency Paid Sick Leave
 1. An employee's inability to work or telework while they are seeking or awaiting the results of a diagnostic test for, or a medical diagnosis of, COVID-19, when the employee has been exposed to COVID-19 or the employer has requested the test or diagnosis
 2. An employee's inability to work or telework while they are obtaining COVID-19 immunization
 3. An employee's inability to work or telework while they are recovering from any injury, disability, illness, or condition related to COVID-19 immunization
- New Bank of Leave Time for Emergency Paid Sick Leave
 - New bank of 80 hours of FFCRA paid sick leave per full-time employee, starting April 1, 2021
 - For part-time employees, new leave is average time worked over two weeks

ARPA & FFCRA

- ARPA allows the Family Leave Tax Credit to be taken for the same three new Paid Sick Leave reasons list on prior slide
- ARPA expands the Emergency Family Leave tax credit to be taken for reasons for more than childcare reasons, now including when employees:
 1. Are subject to a federal, state or local quarantine or isolation order related to COVID-19
 2. Have been advised by a health care provider to self-quarantine due to concerns related to COVID-19
 3. Are experiencing symptoms of COVID-19 and are seeking a medical diagnosis
 4. Are caring for an individual subject to a federal, state or local quarantine or isolation order related to COVID19 or who has been advised by a health care provider to self-quarantine due to concerns related to COVID-19
- The family leave credit can fund what was previously considered paid sick leave for up to 12 weeks, instead of the 2 weeks permitted for paid sick leave
- ARPA allows the employer tax credit to fund wages for the full 12 weeks of FFCRA family leave, up to a cap of \$12,000 (formerly \$10,000) per employee

Dependent Care Assistance Program

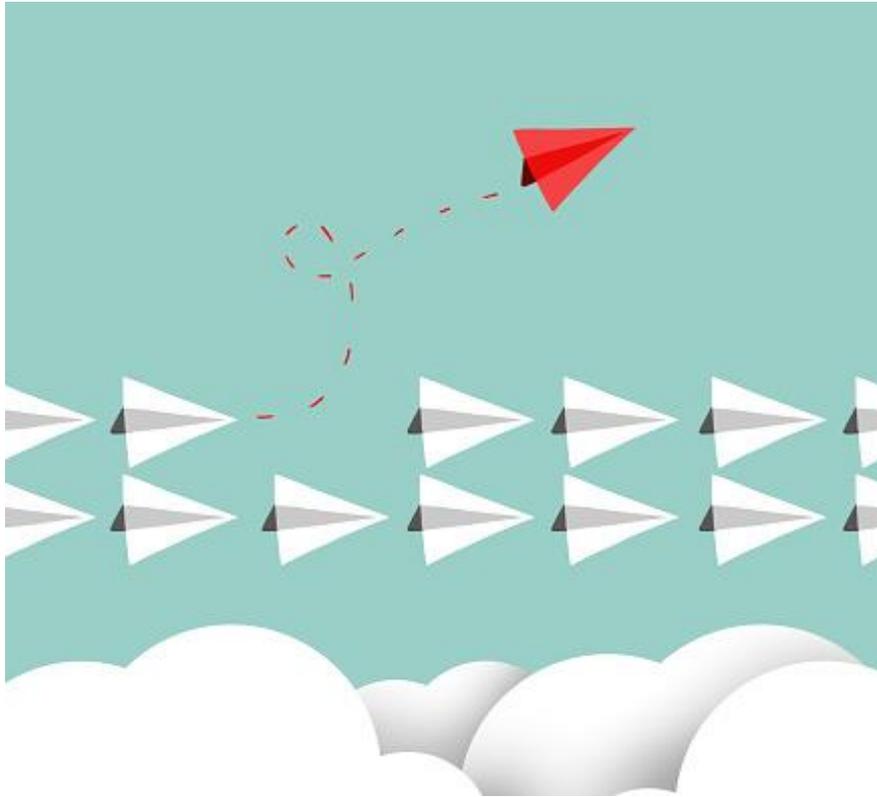
- For taxable years beginning after Dec. 31, 2020, and before Jan. 1, 2022
- ARPA increases the annual contribution limit for a dependent care assistance program (DCAP) from \$5,000 to \$10,500 (and from \$2,500 to \$5,250 for married individuals filing taxes separately)
- Employers with DCAPs can retroactively amend their plans to incorporate this increase, if:
 - The amendment is adopted by the last day of the plan year in which it is effective; and
 - The plan operates consistently with the terms of the amendment until it is adopted
- If you plan to allow for this extension, we encourage you to consider the impact of this change on non-discrimination testing



Employee Retention Credit

- ARPA extends employee retention credit through the end of 2021 (the credit was set to expire in June 2021)
- Originally enacted with the CARES Act
- Tax Credit encouraged employers to retain employees on payroll who could not work because of COVID-19
- New features of this credit:
 - Some small startups that began operating after Feb. 15, 2020, will be eligible for a maximum credit of up to \$50,000 per quarter even if they do not experience an eligible decline in gross receipts, or a full or partial suspension; and
 - A new provision for “severely financially distressed” employers will begin in the third quarter of 2021. The provision will allow employers of any size to count all wages toward the \$10,000 cap

Individual Market Update

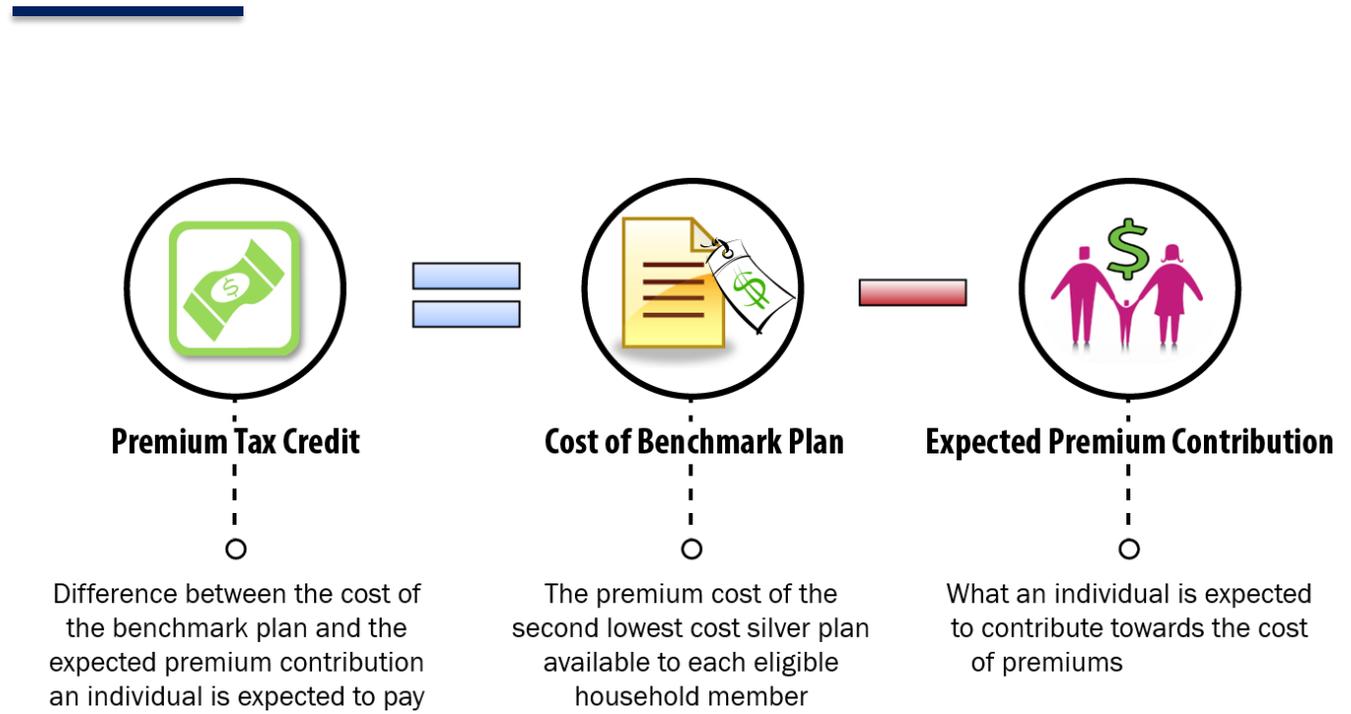


- ARPA provided for a special enrollment period from April 1, 2021 through May 15, 2021
- CMS announced on March 23, 2021 an extension to the special enrollment period through August 15, 2021

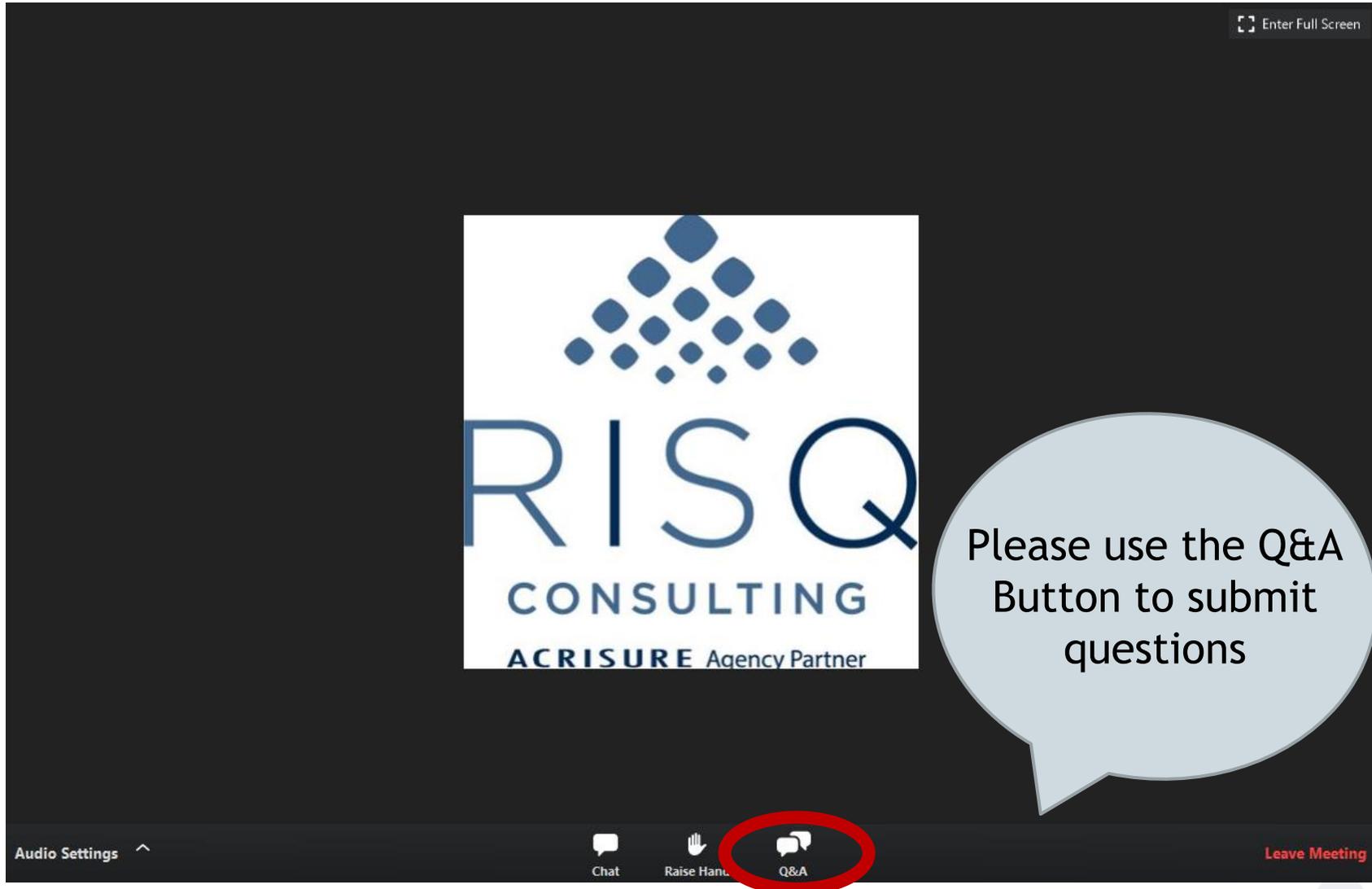


“Individual Market” – Premium Tax Credit

- Affordable Care Act provided tax credits for individuals:
 - Who purchased health insurance through the individual marketplace (or ACA Exchange)
 - Whose household incomes are between 100% and 400% of federal poverty line (FPL)
- ARPA:
 - Limits the total amount a household would be required to pay for individual coverage to 8.5% of their household income
 - Increases the federal subsidy amounts
 - Includes additional federal funding to encourage states that did not expand their Medicaid programs to do so
- These ACA changes are temporary, and will expire after a period of two years.



Live Q&A



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The image shows a Zoom meeting interface. At the top center, the text "Live Q&A" is displayed. Below this, a large white square contains the RISQ Consulting logo, which features a blue geometric pattern of dots above the text "RISQ CONSULTING" and "ACRISURE Agency Partner". To the right of the logo, a light blue speech bubble contains the text "Please use the Q&A Button to submit questions". At the bottom of the screen, a dark grey control bar contains several icons: "Audio Settings" with an upward arrow, "Chat", "Raise Hand", "Q&A" (which is circled in red), and "Leave Meeting".



Thank you for attending today! Please reach out to info@risqconsulting.com with any additional questions.